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**CONSULTANCY REPORT ON
PALESTINE MARKET PERSPECTIVE**

**FOR THE
COOPERATIVE DEVELOPMENT PROJECT
JERUSALEM.**

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**Prepared by:
LEN E. WOOTON**

**Prepared for:
Agricultural Cooperative Development International
50 F Street, N.W.
Suite 900
Washington, D.C. 20001
Phone: (202) 638-4661
Telex: 160923 AGCODEV**

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Executive Summary

The C.D.P. marketing reports of 1986 and 1987 provide a background of the marketing practices existent in the West Bank and Gaza. The major problems and constraints were identified. Based upon production and market data, some projections of market requirements were suggested. These included marketing organization and procedures together with training and education. Using this background of information, this report addresses the implementation of a commercial production and marketing operation. This then is the culmination of long term plans and activities.

The recent agreement between the European Economic Community and Israel provides the opportunity and the necessity to develop the marketing program and places a deadline of operational capability by the 1988-1989 production season. Remarkable progress has been made to date. It is the result of a high degree of cooperation by many individuals and organizations.

C.D.P. is prominently involved in the training and education of the people who will be involved in the production, grading, packaging, shipment and marketing of the products. This training program will continue as the operation grows and develops. It will also extend to other cooperatives in Gaza and the West Bank as they become involved in commercial marketing programs.

Europe and Mid-East Market Relations

A study of marketing agriculture products of the West Bank and Gaza requires a consideration of the total market area that may be reached by the products. In a general sense, this means Europe and the Mid-East. In this geographic area, a potential market exists. The area also includes the production of each country that is seeking a market - domestic and export. In addition to competitive factors, there exist problems created by economic, political and technological differences. All of these are in a continual state of change. It is difficult to analyze and to anticipate the effects of these factors and the changes that are taking place. However, intelligent judgements are essential.

The major market targets are the importing countries of Western Europe that have large populations and relatively high per capita incomes and standards of living. These countries import large quantities of agricultural crops to supplement their own production. The Western European countries are organized into mutual benefit groups. The most important is the European Economic Community (E.E.C.) and the second is the European Free Trade Association (E.F.T.A). Within these two groups, the production of Western Europe has free market access and is subject to certain production controls. There also exist certain requirements and restrictions for access to the markets from non-member countries.

A secondary export market target would be the eastern block countries of Europe. These countries are not organized and are approached country by country, often by bi-lateral import/export agreements or the general agreements on trade and tariffs (GATT). Each country has existing trade agreements and traditional economic and political relations. Much of the trade is by barter.

A third export target would be the Arab countries as a group. Generally there are few trade agreements or trade restrictions. However, competition and domestic production provide some difficult problems. There is within this group an increasing requirement for a high quality product properly graded and packaged.

Let us return to the E.E.C. for some specific observations. This market is by far the most important in both volume of product and economic return. It dominates the whole Mid-East and European area. It is also considered a major market on a world-wide scale for both imports and exports. It sets the standards

for all market disciplines and demands superior product quality and packaging. Even with these restrictions, it is a very competitive market and is most adequately served by product.

The influence and dominance of E.E.C. increases, and the influence of the Community politically and economically becomes stronger year by year. Because of the benefits that accrue to its members, there is a desire on the part of other countries to join the E.E.C. Periodically other countries are admitted. They are required to conform to specific regulations and standards of business performance. They are admitted only if they can make a significant contribution of product or industrial development. Each country must share in the economic growth of Western Europe.

The expansion of E.E.C. brings about many changes. This has been especially true with the admittance of Spain. In reference to agriculture, Spain produces major quantities of products that are early season vegetables and fruits normal to the production of Mid-East and North African countries. The E.E.C. provides a graduated adjustment to the inclusion of products from new members. Upon completion of the adjustments, the members enjoy a relatively free exchange of products and business relations.

Many of the countries that have been exporting agricultural products to E.E.C. are trying to adjust to anticipated changes. Year by year the bi-lateral agreements between the E.E.C. and non-members are becoming more restrictive and criteria of entry more difficult.

The administrative legislature of the E.E.C. carefully considers the effects of its relations with members and also non-member countries. They recognize the adverse economic effects on some of their traditional business relations. They also consider the value of non-member trade relations involving exports from E.E.C. There are strategic political relations that need to be maintained. As with most economically advanced countries, there is a desire to assist developing economies by providing technical and financial assistance. In some cases special trade concessions are made or special trade agreements are negotiated. Fortunately in this reference, the E.E.C. has considered the importance of assistance to the Palestinian people of the West Bank and Gaza.

Since 1967 when the territories of the West Bank and Gaza were militarily occupied by the I.D.F. and administered by the Civil Administration of Israel, these two areas have not been permitted to export any products to E.E.C. During this period,

there has also been a decline in the traditional export of products to Jordan, due to the development of the east bank of the Jordan River. Jordan has become generally self sufficient. As a result, the Palestinian people have need to find a new outlet for products to Europe. Israel continued to refuse to permit any shipments of products to the E.E.C. from the occupied territories.

During this time, there was also a decline in the shipments of agricultural products from Israel to the E.E.C. (Reference No. 3). There was an increase of winter fruits and vegetables from Greece, Morocco, Canary Islands, Cyprus and other Mediterranean countries that were very competitive to products of Israel. During the last five years, especially since the enlargement of the E.E.C. to include Spain, there has been a more rapid decline in the winter season crops from Israel. For example, the "zipper" skin oranges introduced by Spain have proven to be the fastest growing part of the E.E.C. orange market. Only by moving to the more exotic crops such as avocado, mango, flowers, potted plants, etc. has Israel been able to maintain a presence in the E.E.C. market. Thus the bargaining power of Israel with the E.E.C. has deteriorated.

During the last two years, there has been an accelerated effort by the Palestinian people to gain permission to ship products to the E.E.C. Finally with major support by the E.E.C., an agreement has been negotiated between Israel and the E.E.C. permitting independent and direct shipments from the West Bank and Gaza. The E.E.C. will grant the West Bank and Gaza shipments a preferred or most favored status relative to entry requirements.

In the event that permission may be granted for access to the E.E.C., the Palestinian marketing cooperatives during the last two years have considered a marketing structure and capability. The time to implement these plans has now arrived. The CDP marketing reports of 1986 and 1987 described such a marketing structure and its program (Reference No.1). The members of the Union are the district marketing cooperatives. The new Union has been active in the development of plans for a program involving the 1988/1989 market season.

The initial operation will be limited to a few crops and a limited tonnage. It is imperative that these shipments are successful. Many factors are cooperating in a joint effort to make sure that they will be successful.

The E.E.C. will provide a careful overview and monitoring of the agreement allowing direct and independent shipments. Any disruptions, violations or delays in the shipments will be corrected and documented and will be considered in reference to future agreements. Further, if the shipments are successful and effective production and marketing capability is demonstrated, further assistance will be provided in terms of technical and financial help.

The government of France, a member of E.E.C., together with importing and wholesaling companies of France are cooperating. A consultant has been provided by the French government to develop operational plans, and an experienced operational consultant will be provided to assist in supervision of the preparation of the products for market.

The importing and wholesaling companies of France are helping to develop market plans for specific crops to be produced and marketed. They will provide market information and standards of grade and packaging, also assistance in the market operations and procedures. An agreement of intent has been signed with the Union specifying the crops to be produced and the estimated tonnages to be marketed.

An independent and commercial forwarding company (Daffna) will provide all transport and shipping services, including product certification and security inspection, from the packing station to the port of entry in France.

The Jericho Marketing Cooperative will be the member of the Union that will produce the products and prepare them for market. Members of the cooperative have been identified who will grow and harvest the designated crops. They have been included in the plans as they have developed and have been party to the discussions with the French marketing people relative to product varieties, quality requirements, volume of product and shipping seasons.

ANERA is participating in the project by furnishing technical and financial assistance in the construction of the packing station and cold storage room. Their interest and participation has been a part of this development for the last two years and will continue with technical service in the plant operation. The packing station and facilities will be operational for the products of this year's production.

The equipment design and installations for the packing station will be prepared and furnished by a French company (Caustier). The components this first year will be simple and low technology. They will be modular in design and can be expanded as the operation expands and as different crops are involved.

An important component of the project will be the training and education to be provided by C.D.P. Starting in 1987, a program of training has been developed in cooperation with the agricultural cooperatives and the government of Cyprus. (Reference No. 8). A detailed presentation of this training program is presented separately in this report. It is important to note that all factors involved in this marketing development project are cooperating in the training program and assisting with the selection of trainees and the specific job descriptions and disciplines involved.

In summary for this section on Europe and Mid East Market Relations, it is significant to note that the West Bank and Gaza and its Palestinian people have an opportunity to become an active part of this market area. It is also an opportunity to create an identity and a capability to be an effective factor to improve the economic welfare of the people.

COOPERATIVE MARKETING PERSPECTIVE

Today is International Cooperative Day. It is recognized worldwide and provides a public emphasis and recognition to the role cooperatives play in contributing to economic and cultural growth. And so today, here in Jerusalem, we join other such meetings in many countries to provide our own celebration of the cooperative movement in the West Bank and Gaza.

A brief statement must be made at this point relative to the role of CDP in the program today. As most of you know, CDP by charter, contract and permission is here in the West Bank and Gaza to provide training education and technical assistance to cooperatives. It does not have money to lend and it is forbidden to engage in any activity that can be considered political. This restriction applies to activities within the West Bank as well as relations external to the West Bank. We know that it is very difficult to separate political considerations from economic and organizational factors. Especially in the realm of marketing and marketing structures, political factors are importantly involved. But for all our activities and for the discussion today it must be understood that CDP will participate only on subjects that are economic and operational.

The theme chosen for this meeting is "Cooperative Marketing". To set the stage for today's discussions, let us take a look at some of the realities facing the marketing of agricultural and non-agricultural products in the modern and highly technical world. We need to ask ourselves some very serious questions. Many of them will arise as a consequence of the most difficult conditions in which we live - conditions political, economic, and cultural, that are more critical than those facing most other people. Not ignoring these conditions, we however, must look to programs that will yield the greatest possible return for the limited volume of product which we create.

So with this preface, let us consider the theme of marketing. Marketing is a general term that is applied to all activities that are involved in the process of creating a commodity that will satisfy a consumer demand. The marketing process begins and ends with the consumer. Where are our customers and what do they want? This is the first objective of marketing.

Consumers are everywhere, but for the purpose of a marketing discussion it is convenient to group the consumers into geographic areas. Also, this can lead to a grouping that consists of consumers who have common cultural, economic and ethnic characteristics. In this context, let us look at the obvious geographic market areas that can be considered by the

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The first is the domestic market of the West Bank and Gaza. It has the possibility of yielding quick benefits and will provide market experience for the overall market structure. Irrespective of the seasonal over-supply of agricultural products, it is possible to use the domestic market areas for a greater volume of business if it is effectively organized. It is noted that in most Mid-East countries there is a continual increase in domestic consumption. A recent study of Turkey revealed that over 90% of agricultural production is used in the domestic market. By adding a system of attractive and convenient wholesale/retail market centers in all population areas the people are better served and more domestic product is used. If storage facilities are added to the market centers product quality and market life can be extended and made more attractive and usable. In most countries the domestic market forms an important part of the overall program of marketing. In this reference, however, do not consider the domestic market as a dumping area for products not suitable for the export markets. Carefully consider the needs of the domestic consumers. Satisfy the questions: 1) Are all of the products that the consumer needs or wants by kind, quality, packaging, etc. being offered for sale? 2) Are the products available at all possible times when demanded?

It is important to keep in mind that the domestic consumers are usually very different than those of the other market areas. They must be served by the products that are traditional to their culture. This means that those crops must be properly included in the production schedules.

The domestic market has many additional advantages that should be noted. Local production has immediate access to the market, meaning less time and less transport costs. There is a quick return of money and the sales are predominantly cash. Prompt consumption means products can be provided at prime quality levels, and maximum yield. The market organization is in direct contact with retailers and consumers. Communication is quick and direct. The market organization can react to changes in consumer demand. It should never assume that the domestic consumers are a "captive" or assured customer. They should be treated as the most valuable asset.

The second market area to be considered is Jordan. As all of you know, Jordan is traditionally and for many years has been the primary and most important export market for West Bank and Gaza (citrus) production. Jordanian development of the East Bank of the Jordan River in the last twenty years has greatly changed the Amman market requirements and opportunities. As noted in an earlier report the kinds of products and volume of products that can be exported to Jordan is decreasing year by year. Serving this market is restricted further by specified dates of entry and

In the first year of this agreement it will be necessary to use some of the facilities of Israel to consummate shipments. However, the EEC has pledged all necessary assistance in facilitating shipments. Making the initial shipments is only the first challenge to be faced.

Let us take a minute to cite a few of the developments this challenge demands.

- 1 Develop a business organization capable of providing a market operation
- 2 Procure a market relationship with the European market
- 3 Identify a product or products that represent a demand by the European market
- 4 Construct facilities capable of harvesting, handling, pre-cooling, grading, packing, and transporting perishable products
- 5 Produce a high quality product in commercial volume
- 6 Develop the management capability to ensure delivery of the product to the market
- 7 Obtain financial support
- 8 Train and supervise people at all levels of the operation

All of this and more must be accomplished within the next twelve months. Further, nearly all of these developments will need to be pursued at the same time. This is a time when every human resource must unite and work together for a common objective.

It must be recognized that even if this effort is successful and shipments are made to Europe it will only represent a very small fraction of the total production of the Occupied Territories. It also may, in all probability, be more expensive than the value of the product shipped. But the value of a successful operation is far more important than the costs involved. You have met the challenge! You have prepared the facilities, the organization, the growers, the skills of market discipline and management responsibility to move to new challenges.

The European market may become important but the marketing capabilities will provide access and success in many of the market areas already mentioned. Should the situation in the Middle East become more stable, these skills earned through experience and the presence of an effective marketing organization will be a distinct advantage. The European opportunity may be the means by which you can gain the capability and technology that is essential in today's markets.

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Any export program to any of the Arab countries will require special planning and specific arrangements for finance, transport, product kind and quality, and documentation. Shipments can be developed jointly with Jordan or independently, if special advantages can be obtained. While this may be a difficult market area to serve it does have some inherent advantages:

- 1 The people have a common language and culture.
- 2 The people share a common preference for the traditional products of the West Bank and Gaza.
- 3 There is a common financial system to facilitate exchange.
- 4 There is an historic pattern of trade and business relations among the Arab countries.

These advantages mean that the Arab countries will continue to be a potential market area, one which our producers and marketers should be ready to exploit to the fullest.

The last market area to consider is Europe. Since the occupation of the West Bank and Gaza, the European market area has been essentially inaccessible to Palestinian producers. The West Bank and Gaza have been isolated and prevented from any significant development industrially, agriculturally, or economically. In the meantime, the countries of Europe have made a phenomenal growth and development. Much of this has had a direct bearing on the market structure, the production practices, the products offered for market and the demands of consumers. The sophistication of technology in all phases of change has placed the Palestinian people at a very great disadvantage.

All of this is mentioned not to totally discourage the people from any hope of reaching this market area but to emphasize the great challenge it presents.

Only during this last month, after several years of determined effort, has any significant change taken place in the enforced isolation of the Occupied Territories. At the insistence of the European Economic Community - EEC - a bilateral agreement has been signed with Israel. The essential element of this agreement is the authorization of direct shipments of agricultural products from the West Bank and Gaza to Europe. This agreement will be redrafted each year to include necessary changes. Thus, for the first time, the door is open for the West Bank and Gaza to make shipments to Europe and it is essential that shipments be made. I stress the word essential, for if this does not take place there is a distinct possibility that the EEC will not be encouraged to continue the agreement at its annual review.

by changes in product documentation and quality standards. Further changes can be expected.

Irrespective of these changes, Jordan is and will continue to be an important market area. It has many advantages that must be noted:

- 1 The procedures of export and transport are in place, and West Bank and Gaza people are experienced in using them.
- 2 The Jordan central market facilities are established with specific arrangements to accommodate West Bank and Gaza products.
- 3 There are established relations with wholesalers and other market factors.
- 4 The kinds and quality of products required by their market are known and in the practice of production.
- 5 There is an established economic and regulatory relation with which both parties are acquainted.
- 6 Specific agencies in the Government of Jordan are prepared to view the relations between Jordan and the West Bank and Gaza.

The future of the Jordan market area must be carefully evaluated year by year and carefully cultivated. This may mean major adjustments in production schedules and kinds of products.

The third market area to be considered is the other Arab countries as a group. For a number of years West Bank and Gaza products have been exported to other Arab countries, through Jordan and often in combination with Jordan products. Changes are taking place in these countries that have had the effect of reducing the opportunities to export agricultural products and this trend will probably continue. The major factors causing these changes are as follows:

- 1 Depressed economic conditions due mainly to the effects of war. This would especially include Iraq, Syria, and Lebanon.
- 2 Reduced level of income from oil exports affecting especially Saudi Arabia and the Gulf States.
- 3 Increased domestic agricultural production in these countries.
- 4 The increased level of quality demanded by many of the oil-exporting countries.
- 5 The entrance into these markets of other producing countries such as Turkey, Greece, Spain, and even Holland.

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It is hoped that the comments to this point have provided a complete market perspective. It is important to be prepared to seize any market opportunity and meet the requirements to participate; be innovative and competitive. But always the success of any market operation must be judged on the basis of the answer to this question: Has it improved the economic welfare of the producer?

At the beginning of this paper mention was made of the function of CDP. Note that the "C" stands for "Cooperative". And in keeping with the purpose of this day it is appropriate to view the cooperative nature of marketing. Marketing is composed of many disciplines. Each is performed by people. The degree of cooperation between all of these people results in a product delivered to the consumers. Each person benefits from this cooperative if it is a successful operation. Any organizational effort which fails to recognize the worth of the people involved on an equitable basis cannot and should not survive in the long term.

The people of the West Bank and Gaza are living through most difficult times. The circumstances of occupation have tested the souls and hearts of the people. There is evidence that the last six months have brought people together with a common spirit. Differences of thought and action have been solved or set aside. It has been a cooperative effort to survive.

Meeting the challenge of building a successful marketing operation will require another major cooperative effort. Do not let anything abort this marketing program. Each of you in this meeting today can have a direct effect on this important issue.

(Note: This paper was presented by Len Wooton at the Cooperative Marketing Seminar and International Cooperative Day program on July 2, 1988, at Beit Hanina, Jerusalem.)

**Nou'eme Cooperative for Beekeepers
Aqabat Juber, Jericho.**

Proposal for Marketing Operation.

The Beekeepers Society has been in operation since 1982. The members have stands of bees that collect honey from various areas within the West Bank. They take advantage of seasonal flowering from the Jordan Valley to the higher elevations of the West Bank. This provides a variety of grades and kinds of honey which can serve the needs of consumer preferences.

The Society has a processing and storing facility at Aqabat Jaber, Jericho. To date, the honey has been processed and placed in 25kg bulk tin containers. The market has been primarily in Jordan. The bulk or wholesale container can only demand a wholesale price for the honey. It is recognized that there is a wide difference between wholesale and retail price levels.

It is now proposed that the Society engage in a program of serving the retail market with consumer sized containers. This concept of marketing will require major changes in their operation and the West Bank market structure.

If the Society is to perform a marketing operation for honey, they will need to have control of the honey. This does not mean that the Society will buy or own the product. The Cooperative will receive the honey from each member and record the weight and grade and give the member credit in the product inventory. The Society will pack and otherwise prepare it for market and will provide the marketing service.

The honey will be marketed over an extended period of time. Periodically payments will be made to each member as per agreement between the Society and its members and as money is available from the marketing operations.

The Society will be required to determine a fee or charge that will recover all costs of supplies, packaging and marketing plus a reasonable margin for income to provide operating capital and service debt obligations.

If the members can provide their own time and labor on an equitable basis in the packaging and marketing services the service fees can be lowered. It is important that each member receives his proportionate share of sales income for the honey, less the service charges. He must also receive a full accounting of the total operation of the Society.

Before each marketing operation season a market plan should be developed. Agreement must be reached as to the market objective. The plan will include at least the following:

1. Estimate of the total volume of honey by class and grade.
2. Percent to be marketed in retail pack.
3. Percent to be marketed export.
4. Percent to be marketed in bulk containers.
5. Percent to be marketed domestic-West Bank.
6. Potential price of honey in each area of the market, domestic, export, Gaza, etc.

Experience will reveal additional refinements including the size and kind of retail pack.

The retail marketing of a product requires that the container be identified-

1. Product honey
2. Net Weight kg. or grams
3. Origin Jericho
4. Producer Nou'eme Cooperative for Beekeepers

Because a retail or consumer package provides an opportunity to promote and advertise, there should be an effort to gain consumer recognition that distinguishes the Society product from all other honey that may be offered for sale. This requires a label or trademark. Most consumers buy products by visual recognition. They also reject a product by visual recognition if it has not given complete satisfaction.

Before a new retail marketing program is undertaken, it will be most helpful if some kind of a market study is conducted. Make a preliminary survey of some of the potential retail stores where honey can be a logical item to sell. Ask questions and try to determine:

1. Do they have honey for sale?
2. Would they be interested in selling honey or adding another brand?
3. If they are selling honey - ask
 - a. how much do they sell?
 - b. what size packs? Which is most popular?
 - c. does the container have a secondary use?
 - d. what kind and where from?
 - e. what price?
 - f. note labels or brands.
 - g. note method of purchase.
4. Keep separate record of notes on each store visit.

Cover several market areas such as Ramallah, Bethlehem, Jerusalem, etc. Try to determine the best prospect city and in that area survey more retail stores and list the best opportunities.

When the initial stores are selected and sale arrangements are made, help them to set up attractive displays where customers can see the product. Try to help maximize his sales. Be alert to hear his concerns and suggestions. Also ask him to share customer reactions.

Start immediately to get the filling machinery ready to operate. Prepare specific operational procedures that will achieve maximum efficiency and reduce labor and time per unit of output.

Prepare a program of product sale and distribution. On the basis of market study, determine a policy of sale - i.e.

- a. cash on delivery
- b. consignment
- c. firm price on delivery
 - 1. 15 day credit
 - 2. 50% cash + 30 day credit
 - 3. etc.

It may be necessary to be competitive with other supplier arrangements.

If members are assisting or performing retail sales, try to assign specific stores or market areas to each. Continuity of retail relations is important.

The retail sales representative must at all times represent the Society. Product is signed out to each sales person and accurate records must be maintained for every transaction. A separate record form should be prepared for each transaction.

- a. product delivered to salesman by Society; he must account for all product. (signed by salesman)
- b. product delivery to each retailer. (signed by retailer)
- c. product sale receipts to society. (signed by society)

If the products are delivered to the retailer on any basis other than cash the sales receipt must show specifics of payment and the salesman must be held responsible for collection.

As the society engages in a marketing operation on behalf of its members there will develop an increased need to program plant and office procedures and to institute a system of records and accounting. This will require planning and preparation and, in time, the employment of people to perform some of the functions. It will be desirable, however, to continue to have the members directly involved. It is important that member assistance be on an equitable basis to each member's patronage.

As each year's operation is concluded, it will be necessary for the Society to prepare a statement of operations. This will include all costs of receiving, processing, packaging and marketing. The other half of the operating statement will document all income from service fees. The difference between the costs and the income from service fees will be the net profit (or loss). It is important to note that money received for the honey is not to be included in this operating statement. The money received from honey sold, less service fees, belongs to the members and will have been paid to the members by the time the operating statement is prepared.

The profit from operations, as already noted, is to be retained by the Society to build operating capital and to service debt obligation. It is important, however, to allocate the net profit to the members on a patronage basis in the records of the Society. This in effect represents the share investment of each member in the capital structure of the Society and may in time be revolved out to the members when the Society is fully funded.

**Training and Education
Cyprus Report**

A. Introduction

The visit to Cyprus July 5 through July 12 was made in accordance with the terms of reference requesting that the marketing training courses as reported as an addendum to the 1987 Marketing Report be reviewed and completed in operational detail. (Reference # 8). The earlier report indicated that the agricultural cooperative leadership in Cyprus expressed a willingness to cooperate with C.D.P. in providing a training program for personnel of West Bank Marketing Cooperatives. In the current meetings, all elements included in the 1987 report addendum were confirmed again.

B. Conferences

Conferences were held with the following administrative people:

Mr. Spyros Stavrou, Manager
Central Bank of Cyprus

Mr. Andreas Tofides, Manager
Cooperative Central Bank LTD.

Mr. Costas S. Petrides
Senior Chief Cooperative Officer
Government of Cyprus

Dr. L.N.Zotiades, Secretary - Manager
S E V E G E P LTD.
Cooperative Canning Industries

Mr. Nicholas C. Xyttas, General Manager
S E D I G E P .
Agriproducts Co-op. Marketing Union LTD.

Dr. John Cheralambou, Chief
Produce Inspection
Ministry of Commerce and Industry

Dr. John Ph. Zingas, Head
Plant Protection Service
Dept. of Agriculture
Ministry of Agriculture and Natural Resources

C. Visitations

Visitations were made to facilities engaged in preparing products for export to the E.E.C. and preparing fruit and vegetables for canning. We also visited other facilities which were not in operation at this season but which are used to pack fresh citrus, extract and concentrate citrus juice, prepare and process frozen products, and prepare products for shipment at either ambient, cold or freezing temperatures. All of the facilities were modern and mechanized operations. Most transport at the facilities used palletized handling. All finished products were handled unitized and containerized. Some facilities were being renovated and will include some form of electronic and computerized systems.

A car and driver were provided for our convenience. The conferences and visitations provided a great treasure of pertinent information covering many subjects.

D. General Comments.

Politically the recent elections and the change of administration is said to have brought a more tranquil political atmosphere. The new president is credited with creating a less rigid attitude and is willing to consider changes in internal affairs as well as a more tolerant attitude toward the Turkish occupation of the north half of the Island. No one expects a reconciliation, but a lessening of the military presence on both sides of the "Green Line" would be a great improvement.

Economically the country is in a stable and prosperous condition. There continues to be more industrial development and a greater diversification of business and industry. Production of goods and services is increasing which supports a higher standard of living and employment. Agriculture production continues to increase but not as rapidly as industry and other sectors. The result is an economy less dependent on agriculture. A World Bank document reported that up until 1980 agricultural products represented 46% of the foreign exchange. There now appears to be a very desirable balance of all sectors of the economy. Construction of home, business buildings, industrial facilities, development projects give evidence of a thriving economy. Financial institutions are well financed and capable of meeting the needs of a progressive people.

Agriculture, as noted, continues to grow. There is an aggressive program of building dams to capture the excess winter rainfall and conserve it for irrigation of new lands. Projections of production will bring significant increases of the major crops that are most profitable. There are plans for the expansion of facilities and other infrastructures to accommodate the new levels of production. As in any growing economy, there

Cooperative program that involved multilevels of integration is in a state of liquidation and restructuring. There will be major losses which may cause some problems. We were advised, however, that the local cooperatives, numbering 400 or more, are in a strong financial position and farmer members are not in serious need of financing.

The relationship of Cyprus to the E.E.C. is very important, especially as it relates to the export of agricultural products. Although Cyprus is not a member of the E.E.C., it does enjoy a most favored relation. Tariffs, quotas and entrance dates are not restrictive and much more favorable than for other non-member countries. This is reported to continue even though the E.E.C. has expanded to include Spain and Portugal which are competitive to Cyprus in both crops and season. Cyprus, however, is expanding its market relations with European countries which are not members of the E.E.C.

The relation of Cyprus to all of its markets will continue to require adjustments and change, which is a normal response. The influence of economic viability, new product demand, new technology, changes in political and regulatory measures will require change. Cyprus, based on past performance and present capability, will respond with appropriate adjustments.

E. Training

As already noted, the current meetings confirmed all elements that were included in the previous report on Cyprus training. In fact, in all of the conferences, there was a forthright and genuine expression of willingness to provide a training program for people representing the cooperatives of the West Bank and Gaza. They have developed a highly integrated agriculture production and marketing structure that can be a basis of training in every discipline.

It will not be necessary to document these disciplines in the Cyprus operations. It will be necessary, however, for C.D.P. in cooperation with the West Bank and Gaza cooperatives to describe and detail the disciplines necessary for each trainee. With this information, the Training Project will insert the trainee into the Cyprus operation at the appropriate level and locations. Insofar as possible, the training offered to each trainee should coincide with actual operations in Cyprus in reference to the desired crops and the operations of production, harvesting, handling, grading, packing, storage, marketing and other disciplines. This may conflict with the time these operations are performed in the West Bank and Gaza. Careful planning and programming will need to be observed.

The above procedure indicates that the training experience will be individual by individual and not in groups. Certainly in

reference to the "hands on" experience and instruction this is true. However, it may be important that some of the trainees be provided additional training in other areas of the agricultural infrastructure. This may involve some group instruction in basic record keeping, communication, accounts, research, etc. The object of these extra exposures is to provide the relationship of his specific discipline to the total operation of a production and marketing system. The total training program, trainee by trainee, will need to be programmed by a C.D.P. training coordinator in cooperation with the Cypriot training director.

The duration of the training experience will also vary with the individual trainee, depending upon his discipline objective and the extent of his duties in his cooperative in the West Bank or Gaza. In practice, it may be necessary to return a trainee to Cyprus if he needs more training to perform more duties or needs more technical knowledge.

The specific procedures of the Training Program are essentially the same as presented in the previous report. They are updated as follows:

1. The Cooperative whose employees are to be trained will advise with C.D.P. the specific disciplines each employee will require. It is important there be a policy that the trainee is expected to serve in the specific responsibility for which he is trained.
2. The Cooperative will be responsible to obtain the necessary travel documents for each trainee.
3. C.D.P. will furnish to the Commissioner of Cooperative Development, Mr. Costas Petrides, the names of the trainees together with travel documents, and the content of the training to be provided, at least thirty days before the training is to be provided.
4. By summarizing the job description, each trainee is to complete, the Commissioner can more appropriately identify the training assignment and predict the time required.
5. The C.D.P. training coordinator will accompany the trainees and arrange an initial session of orientation and an overview of the Cyprus cooperative system.
6. C.D.P. will furnish round trip airfares to Cyprus and a per diem allowance for food and housing.
7. C.D.P. will provide a training fee to the Commissioner for expenses for materials, training, local travel and such other costs that may be incurred.

8. The Palestinian training coordinator will assist each trainee to interpret and understand the training provided and how it can be applied to his intended responsibilities.

A discussion was developed on what a typical training program would include. As an example, a cooperative was chosen that had not as yet engaged in a commercial marketing program. The Cooperative does have a membership of producers who depend on the Cooperative for some supplies, and perhaps some operating or production loans. The grower members are marketing their own products either at a local market or to wholesale buyers.

The Cooperative now desires to engage in a market operation. Some of its members are willing to produce certain crops that will be delivered to a packing and storage station. The Cooperative will provide grower assistance and will grade and prepare the product for market. It will also employ people to perform a marketing service and account to the grower member for the proceeds of the sale. Such accounting will include the deductions from the market price that reflects the costs of grading, packing, transport and marketing.

This is an over simplification but it identifies an operation that indicates the basic disciplines that will be involved and the initial training to be provided. It was suggested the first trainees should include:

1. An extension advisor to work with the growers and advise them on the cultural practices necessary to produce a high quality product. This same extension adviser could assist in the harvesting operation to assure the proper maturity of product and the proper handling to reduce product damage during harvesting and delivery to the packing station.
2. A person to supervise the grading and preparation for market. His duty would be extended to all product handling in the packing operation as well as storage and loading on transport. He would further be responsible for the facility and equipment operation.
3. A person responsible for all records for all operations including production inputs, harvesting, handling, grading, packing, storage and loading on transport. In essence all costs and records from production to the final readiness of the product for shipment.
4. An accountant to maintain all records pertinent to the marketing of the product. This would include preparation of shipping documents, certificates of inspection, product manifests and all other records

necessary to move the products through the market channel to final destination.

5. A sales person responsible for all legal contracts of sale and marketing documents involved in the forwarding of product to market and the collection and return of product proceeds.
6. A management person who is to have general responsibility of all operations. This would include production, product preparation, marketing, and all relations with members, employees, and customers.

This list of initial people to be trained is intended only to indicate some examples of areas of activities to be included. Any cooperative intending to engage in a competitive production and marketing operation will have its own specific needs and has its own organizational structure. Further it may wish to start with only a few employees or it may wish to expand the group to reflect a more detailed breakdown of responsibilities. Grower producers can be included. The important consideration is that experience year by year will provide a direction to the training needs. They cannot all be anticipated in the initial stages of a new marketing experience. In fact, it is most prudent to grow in capability through time and experience.

The Cyprus training program can be available for years to come if it is carefully and wisely used. By joining with them in a cooperative manner, many benefits will result, including new technology, new capability to serve a market and more credibility in the operation.

F. Cyprus Citrus

A totally unexpected result of this Cyprus visit was a discussion of the marketing programs of their agricultural products. They have a great variety of products and most of them have an export program. Each is a most interesting market story. Citrus is the most important export product and, as noted, new acreage will greatly increase the production. But their market for citrus, especially citrus juice is an expanding market that far outreaches their capability to serve, even with the expanded production. This is not an isolated situation. The United States is having trouble satisfying the demand for fruit juices, especially citrus. Large plantings are being made in south and central America to be imported as juice concentrate into the U.S.

Cyprus is also importing citrus juice concentrates. Some of it comes from Brazil. They asked about the market for citrus produced in the West Bank and Gaza and whether it could be exported independent of Israel. The discussion led to a genuine interest in the citrus fruit (oranges, grapefruit, and lemons) that did not meet export standards. They advised that the grower returns for processing grades of fruit were not as high as for the export grade of fresh fruit, but it was an economic option. They noted that, by removing the processing grades from the fresh market, it increased the value and market stability for fresh fruit. Total return for the total crop was greatly enhanced.

The outcome of the discussion was a request for a report on the citrus situation in Gaza and the West Bank and a study, on their part, of importation of processing grades of citrus from the West Bank and Gaza. The big problem they see is a Cyprus restriction on the importation of any raw plant product that may contain insects or diseases. A report from them will be forthcoming.

Conclusions and Recommendations

The struggle of the Palestinian people to establish an independent status continues, perhaps more determined than ever. During the two years of C.D.P. activities, some significant progress can be noted. There is a much greater sense of unity and internal cooperation. This is evident in the support for cooperative business enterprises and the interest in training and education. The restriction on the development of business enterprises in the West Bank and Gaza continues, but cooperatives are seeking ways of improving their economic position. The Beekeepers of Jericho are initiating a domestic market for their honey in the local shops and stores. The dairy and livestock cooperatives are engaging in the making of cheese and other products for the domestic market. They are also improving the productivity of their animals. The fruit and vegetable associations are adapting their production of crops to specific market opportunities.

Perhaps the most significant development has been an agreement between the E.E.C. and Israel permitting independent and direct shipments of products to the E.E.C. and other western countries. This opportunity has stimulated the formation of a long planned cooperative production and marketing structure and capability. The manner in which they have aggressively engaged in this development is most encouraging. The formation of the Agricultural Market Union has been completed. The members of the Union at present are the existing Agricultural Marketing Cooperatives of Jericho, Jenin, Qalqilya, Tulkarim, Nablus, Hebron, Salfit and Ramallah. Starting with production from the Jericho Marketing Cooperative, there are firm commitments to make shipments to France, a member of the E.E.C., this season (1988-1989).

Another very important development is the close cooperation and active participation of all agencies active in the West Bank and Gaza. The mutual knowledge of the programs available and a common willingness to share and participate has given much strength to the assistance programs.

The enlargement of the C.D.P. field trainers and educators has improved and expanded the effective service that is being provided to cooperatives. This service could be much greater if it were not for the curfews placed on towns and villages and the travel restrictions imposed by the Military Authority and the Civil Government of Israel.

The C.D.P. has proposed a training and education program in Cyprus that can be provided to employees of cooperatives who will become active in a program of producing products and the marketing of those products. Specific plans have been made for the training of the supervisory personnel of the Jericho Marketing Cooperative and the Marketing Union starting in October. These training program arrangements will be available over a number of years as the cooperative organizations develop. Already other marketing cooperatives have expressed an interest to participate. It is important that this arrangement with Cyprus be carefully and properly used.

Relative to recommendations and the continuation of C.D.P. activities, the following suggestions are offered. These apply primarily to the marketing disciplines.

A. Cyprus Training.

1. At earliest possible date, determine employees to be trained.
2. Prepare and confirm job descriptions and prepare a statement of the precise marketing discipline in which each person is to be trained.
3. Advise the Cooperative to procure all travel documents for each person.
4. Furnish all of this information to Mr. Costas Petrides, Cooperative Development Officer, Cyprus.
5. Also furnish to him all travel documents, date of entry and estimated departure for each trainee.
6. The C.D.P. marketing specialist will travel to Cyprus with trainees and be with them to coordinate the training program and interpret the training to their work assignments in the Cooperative.
7. The marketing specialist will assist in travel to and from Cyprus and local travel in Cyprus. He will assist in arrangements for housing and other needs.

B. Cyprus - Citrus Program

1. Prepare a report for Cyprus pertaining to the processing grade of citrus that may be available to Cyprus.

2. Consider the following:
 - a. volume of product
 - b. present disposal or use
 - c. long term availability
 - d. contract requirements
 - e. collection and shipping facilities
 - f. determine shipping protocols and documents
 - g. economic analysis
3. Review present status of U.N.D.P. plans for a citrus processing facility.
4. Consider plans of citrus imports to be submitted by Cyprus. Keep up to date and promote developments.

C. Cooperative Marketing - Coop/Union

1. Maintain supportive assistance to the Union/Coop. marketing development.
2. Give special assistance to the Jericho Marketing Coop. in the 1988-1989 marketing season.
3. Emphasise training and education directly related to positive cooperative development.
4. Special coordination must be maintained with the French consultant on operational procedure and supervision.
5. Arrange for C.D.P. participation in the development of computer capabilities and programs in the marketing operations.

D. Cooperative Marketing - Beekeepers

1. Work closely with this group in the development of the marketing plan.
2. Participate actively and personally in the initial market surveys and in the evaluation of the survey results.
3. Assist in preparing a system of records for marketing arrangements and results.
4. Assist in preparing a system of accounting for operations as well as sales.

5. Assist in an economic analysis of the market operations leading to decisions of expansion or changes in the marketing operations.
6. Evaluate programs of market promotion and product identity such as labels, new containers, new products.

E. Cooperative Marketing - Other.

1. Develop market operation plans for other cooperatives.
2. Cooperate with all C.D.P. specialists in any opportunity to develop market programs.
3. Cooperate with other agencies where marketing can be a component of the operation.